

Greek shipping families in the spotlight

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Harry Vafias, who runs StealthGas Inc, was once a darling of newspaper society pages, but these days he tries to stay out of the limelight

It probably wasn't the best moment for a party. But Leon Patitsas, a young Greek shipowner who had just married a beauty queen, went ahead anyway. One evening in June, in a yacht-filled port near Athens, he and his wife invited the great, the beautiful and the rich to join them on board a warship they had rented for the night.

The rest of **Greece**, of course, was broke. Most people were spending their nights awake in a different state, afraid of losing their jobs, houses and cars. And furious, too. To secure €110bn in **emergency loans** from the International Monetary Fund and the EU, the government had agreed to **cut public sector salaries and pensions and raise taxes**. Strained by falling salaries, punished for a crisis they did not cause, most Greeks could only watch as unemployment topped 12 per cent – with unions warning it could double by year's end.

Others had taken to the streets. Nearly every week since February, thousands had been marching in central Athens bearing bullhorns and hand-painted banners. "Make the rich pay, not the poor!" they chanted. "We didn't cause the crisis!"

On May 5, more than 100,000 people had gathered. Armed with bottles, chunks of broken marble and petrol bombs, some tried to storm parliament. The police kept them back with clubs and tear-gas. Not far away, masked militants bombed a bank branch, **killing three young workers**, including a pregnant woman. The violence and the deaths only deepened the sense of doom.

Yet the country was still good at something. In spite of the €300bn deficit and government bonds trading as junk, the Greek mercantile shipping industry was still the world's most powerful. Greece has been a maritime nation since antiquity, and its ships still transport about 15 per cent of global trade and make up 18 per cent of the world's fleet. After tourism, shipping is one of the mainstays of the Greek economy.

And every two years, the industry gets together both to drum up business and to celebrate. An international trade fair called Posidonia, the largest of its kind in the world, brings thousands of shipping executives, investors and politicians from across to the world to Athens' seaside suburbs.

For five days in June, 18,000 delegates met and bartered, though, as ever, the real deal-making came after dark, at more than 100 parties in the city's luxurious seaside resorts – such as the Astir Palace, on a private peninsula – or on yachts. Shippers and financiers talked over champagne, feasted on lobster and sushi, and danced with Athenian glitterati.

In many ways, it was a typical Posidonia, and so was the Patitsas reception. Boyish and British-born, the shipping scion had married Marietta Chrousala, a 27-year-old television presenter and former Miss Greece, just five days

earlier. The party was on June 10, aboard the Georgios Averof, a Greek cruiser that was once the flagship for the Royal Hellenic Navy but is now a museum and popular venue for corporate receptions: Patitsas's company, Atlas Maritime, had hired it during the last Posidonia, in 2008.

The difference this year was that the party was gate-crashed by Proto Thema, a Greek Sunday tabloid famous for gossip and the soft-core porn DVDs it bundles between its pages. A few days after the party, those pages were covered in photographs of the young and the rich, dancing and partying. Coming so soon after the violence of May, the images only added to the country's sense of dysfunction.

The great shipping families have long had a peculiar status – celebrated, yet separate – in Greece, and the party prompted questions about their responsibilities in the current crisis. Bloggers scorned Patitsas and his wife for their decadence. Minister of Defence Evangelos Venizelos said the party made Greeks look superficial. The Averof's commodore resigned.

Leon Patitsas made a public apology. But privately, his family – part of the Lemos clan, one of the country's most powerful but low-key shipping families – fumed that the press was scapegoating them over the economic crisis. "We wanted to have this reception on the Averof because we wanted the money to go back to Greece, not to some private beach club," a family member told me – though the same relative, who did not want to be identified, also acknowledged that these days no one in Greece is in much of a mood to reason.

Others in the industry just cringe, knowing that what happened to Leon Patitsas could have happened to them. "It's like, if you have money, you have to do what you do away from the media or do it abroad, where no one notices you," says Harry Vafias, 32, who runs one of the country's most successful young shipping companies, StealthGas Inc.

Nicknamed the "Harry Potter of shipping" for building his fleet from 15 to 65 vessels in just seven years, Vafias used to be a darling of the Greek society pages. But now, like many of his contemporaries, he tells me it makes more sense to stay out of sight: "Life for most Greeks is going to get much harder. Having big, lavish parties doesn't look good."

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Greeks have been maritime traders for thousands of years, but the country's modern shipping industry did not take shape until the end of the second world war. Then, Greek shipowners, led by Stavros Niarchos and followed by Aristotle Onassis, spotted the enormous opportunity in the US government's decision to sell off hundreds of surplus military transport vessels at discounted prices.

The two men made fortunes from their mercantile fleet operations. By the late 1960s, when a military dictatorship ran Greece, they were its glamorous titans. Their tankers carried the world's oil while they competed over the size of their fleets, the beauty of their women, and the lavishness of their lives. Greeks both lionised and resented them.



Nicolas Vernicos is hopeful that the policies of Greece's new Socialist government may cure the country's ills

Plenty of other shipowners built vast fortunes as well – some even surpassed Onassis – but they shunned the - spotlight, working and partying in private. "That's how most of us still are," says Pantelis Pittas, a 33-year-old principal in his family's ship management company, Eurobulk. "There are more than a thousand shipowners in this country, and their operations range in size from big to small. But the media likes to paint us all with a broad brush."

We are talking in Pittas's father's office, at the company headquarters in the Athenian suburb of Marousi. There is a table decorated with Byzantine icons, worry beads and small silver ships. His father is out of town, so Pittas is sitting at the hulking desk. In his hands, he holds a 1969 article from Time magazine about Greece's quietest shipping tycoons. "Why must a person you meet on the street, a person you just want to have a drink with, know that you are a shipowner or from a family of shipowners?"

Pittas is more comfortable asking questions than talking about himself. He drives a used 1997 Mercedes and has degrees in naval architecture and marine engineering. As a child, he used to enjoy going to the shipyards and watching the family's fleet of drybulk and container ships being repaired. "It was in my blood, I suppose, but I also loved it," he says. "Shipping always seemed like the most exciting thing to me."

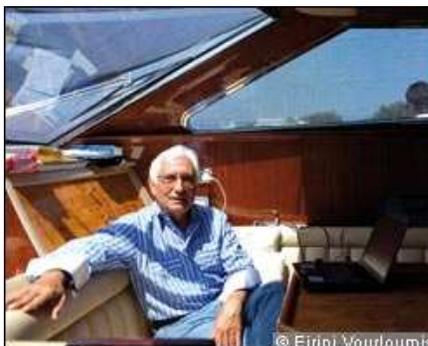
At the end of our meeting, Pittas hands me the Time article. "See for yourself," he says. "The media focuses only on a few people, sometimes unfairly. The rest of us are more like this."

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In 1969, the wealthiest Greek shipowner was Costas Lemos – a forebear of Leon Patitsas. Lemos came from

Oinousses, a tiny set of Aegean islets that have produced some of the greatest names in Greek shipping. Forty years ago, he was worth \$750m and had a fleet of 60 vessels. His main office was in London. He had homes in Athens and New York and kept permanent suites in Claridge's and Lausanne Palace. Every summer, he and other Oinoussian shipowners returned home to relax, attend services given by bearded priests at the village churches and swim from rocky beaches.

These days, Oinousses is still secluded and private, and so are its shipowners. Apart from the extended Lemos family, there are the Pateras, the Hadjipateras, the Kollakis and the Lyras clans. Many have intermarried, combining fortunes and power. Each summer, they take to their yachts or retreat to their tree-shaded villas tucked in the island's inlets and tidy port. They drink iced coffee on the marble deck of the Naufikos Omilos sailing club as their teenage children check Facebook on sleek laptops. They share the island with retired sea captains and ship mechanics, who spend their evenings on balconies, strumming bouzoukis.



Shipowner Evangelos Angelakos is also mayor of the island of Oinousses

The shipowners have been good to their ancestral home. Though barely 800 people live on the islands in the winter (the population reaches 3,000 in the summer), Oinousses has a merchant marine academy; a boys-only high school and dormitory; a modern stadium that would fit well in Athens; a Nautical Museum and a large branch of the National Bank of Greece. Recently, under shipowner-mayor Evangelos Angelakos, the island got a desalination plant to prevent freshwater shortages, a common problem in the desiccated islands of the Aegean. The widow of Costas Lemos, Melpo Lemos, and her son donated most of the money. "If the shipowners were not here, there would be nothing," says Angelakos. "There would be 10 shepherds."

The 71-year-old mayor has a powerful voice and a chiselled, Kirk Douglas chin. His father's people were from the Mani, a peninsula of warriors in the southern Peloponnese. At boarding school he was friends with the then Crown Prince Constantine, who became Greece's last king. (Constantine christened one of Angelakos's daughters.) Like other prominent shipowners, Angelakos studied naval architecture at Newcastle University.

These days, Angelakos's sons run the family company while he concentrates on his job as mayor – an elected office he has held for nearly 12 years. But he also finds time to relax on his yacht, a second-hand Italian boat he is using while a new, custom-built vessel is finished. During the summer, he and Katingo, his tough, pretty Oinoussian wife, enjoy filling the boat with their six children and four grandchildren.

What a life, I say. We are sitting on the moonlit deck and a servant has laid out a very Greek dinner of grilled chicken and pork kebabs, fried potatoes, tomato and cucumber salad and red wine. Angelakos smiles. "That sounds like a challenge," he says. "I worked very, very hard for this life. I had a business plan. I sacrificed. I took risks, and whenever I failed, I didn't blame anyone but myself. I got back up and tried again."

This leads to a discussion about the Greek economy, the state of which deeply distresses Angelakos. After years of living on credit, the Greeks should have seen the crisis coming, he says. People overdosed on partying, spending money they didn't have on flashy cars and expensive bouzouki clubs. They were egged on by corrupt politicians who spent just as mindlessly as they did.

He sighs when I mention Andreas Papandreou, the Harvard-trained economist who founded the Socialist PASOK party and ran Greece in the 1980s, expanding the civil service into its current unwieldy form. Angelakos blames the lack of innovation in the bloated public sector for dulling the minds of the brightest young Greeks, turning a nation of entrepreneurs, he exclaims, into a "nation of vegetables". Angelakos seizes on the phrase and he repeats it, angry this time. "The Greek is not a vegetable!" He is roaring now, his voice booming from the deck. "He is Odysseus! Greek politicians managed to vegetablise Odysseus!"

"This crisis," Angelakos continues, "it's a blessing in disguise. It has to be done. It's the last chance that Greece has, the way I see it. And the pill is going to be very bitter. It's like someone who has gangrene, and the doctor says he has to cut off a leg or a hand to survive. Do it, and we will survive. Don't, and we're finished."

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The port of Perama, near Piraeus

Survival seems a long way off at Perama, a worn-out port near Piraeus once called the Wall Street of Greece's ship repair industry. In recent years, hundreds of steel workers and mechanics have lost their jobs to repair yards in Asia and the former Yugoslavia, where labour costs are lower.

I ask Nicolas Vernicos, a shipowner and chair of the Greek branch of the International Chamber of Commerce, whether shipping magnates can be blamed for taking their business out of the country. In recent months, the privileged status of the industry – which is protected under a half-century old special law (Law 89) and enjoys numerous tax breaks – has come under public scrutiny, along with its small offices, which are easy to move, offshore banking and vessels that fly the Liberian, or Panamanian, rather than Greek flag.

By way of reply, Vernicos reminds me how Greek shipowners have helped the country throughout its history. They financed Greece's war of independence in the 19th century, he says, and paid for hospitals, research institutes and museums in the 20th. They helped build Greece's vital tourism industry, which employs a fifth of the workforce and accounts for 18 per cent of GDP. To prove his point, Vernicos tells me about a new resort in Messinia, on the southern tip of the Peloponnese, that is being financed by the Constantakopoulos family, which is known for its container ships.

Vernicos blames the Communist party unions for Perama's woes, leading strikes that have blocked ships from coming in. "No one wants the trouble," he says. "So they take their ships to friendlier areas that are more open to business, like Malta or Cyprus ... even Turkey."

Perama is now a quiet wasteland of rusting cranes. Around three-quarters of shipyard workers in the district – known locally as "the Zone" – have lost their jobs. "It's like a graveyard here now," says Kostas Gerasimopoulos, a ship-painter in his fifties who has worked in Perama for 25 years. His work overalls are covered in dirt and paint, and he sounds tired. He says he doesn't know who is responsible for the crisis and, at this point, doesn't care. All he worries about is his job, and what he will do if he loses it. "If all the houses are burning around your house, what will you do?" he says. "Won't you leave, too?"

The proper reaction to the crisis has also plagued the minds of shipowners. They have watched intently as the new Socialist government of George Papandreou, son of Andreas, has deliberated over whether to reform their industry and raise more revenue from it. So far they have lost their dedicated government department – the Ministry of Mercantile Marine has been merged into the Ministry of Economy – but have not suffered any new taxes.

George Tsaviliris, a 61-year-old shipowner, assures me that Papandreou can see the international picture, and the risks that lie in forcing new regulations on the industry. "I'm not expecting he's going to make erratic, inconsistent demands out of the blue," he says.

But Tsaviliris admits that some of his counterparts have already been rattled enough to consider moving their offices out of the country not just because of rising commercial uncertainty but because of the risk of further violence. "This is what panic looks like," he says, "and we should not be panicking. We need to stay focused."

Tsavliris is drinking a coffee at the Sofitel airport hotel in Athens, having flown in for a day of meetings for his company, the Tsaviliris Salvage Group, a professional marine salvor company. But soon the conversation turns to his summer, much of which he has spent on his yacht, Tijuca – named after a beach in Rio de Janeiro.

Tsavliris's mother was British, and his children were raised in London, so he enjoys sailing the Aegean, showing them the Greek islands. Sometimes, he sits on the deck and plays rembetika – Greek blues – on his bouzouki.

This summer, they stopped in Schinoussa, a popular islet for the yacht class, for a private concert given by a well-known Greek singer, Alkis Protopsaltis. It was organised by Adam Polemis, the head of one of Greece's oldest shipping families, who invited the rest of the island's inhabitants too. "It was just the moonlight, a little barbecue



'It's like a graveyard here now,' says ship-painter Kostas Gerasimopoulos



George Tsaviliris on his boat

and some very nice music, with everyone mingling together," says Tsavlis.

"Yes," he goes on, "shipowners do live a very comfortable life, but most of us don't flaunt it. We're worried about what's happening to other Greeks, too, because we are all from the same country. We are proud of who we are. We see our staff struggle with pension cuts and tax increases. We know it's not easy for the rest of Greece."

Tsavlis insists that the best thing Greek shipowners can do for the country is to keep their offices here, create jobs and maintain the industry's standing and reputation. Greece may take years to get out of the crisis, and rediscover its nerve, but the country has, he believes, been through much worse.

"We have 5,000 years of history," he says. "We've been through world wars, civil wars, occupations. And for wrong or for right, we're still here. We survived. Why should we abandon ship now?"

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